

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 IO-10 ISO-00 EURE-00 SSO-00 NSCE-00

INRE-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NEA-10 NSAE-00 OPIC-03 SP-02 TRSE-00 CIEP-01

LAB-04 SIL-01 OMB-01 PA-01 PRS-01 USIE-00 L-03 TAR-01

AGR-05 OIC-02 STR-04 XMB-02 OES-03 AF-06 ARA-06 SS-15

NSC-05 (ISO) W

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O R 011125Z AUG 75

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TO SECSTATE WASH DC IMMEDIATE 8145

INFO AMEMBASSY ANKARA

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E.O. 11652: N/A

TAGS: ETRD, OECD
SUBJECT: JULY 29-31 MEETING OF AD HOC HIGH LEVEL GROUP
ON ECONOMIC RELATIONS BETWEEN MEMBERS AND
LDC'S (AHG)

1. SUMMARY: IN LABORIOUS 3-DAY SESSION AHG REDRAFTED ITS PRELIMINARY PROGRESS REPORT TO COUNCIL AND AGREED ON WORK PROGRAM FOR NEXT MEETING. OVERALL TONE AND CONTENT OF REPORT WERE NOT SIGNIFICANTLY ALTERED. MAIN STICKING POINTS IN ACHIEVING CONSENSUS ON REPORT WERE SECTIONS ON EXPORT EARNINGS STABILIZATION AND FOOD SECURITY, WHERE MARKET STABILIZATION ISSUE WAS INJECTED. FOR NEXT MEETING (SCHEDULED FOR SEPT. 22-23) GROUP AGREED TO CONCENTRATE ON SUBJECTS OF A) TECHNOLOGY TRANSFER, B) INDUSTRIAL COOPERATION, AND C) FINANCIAL ISSUES. SECRETARIAT WILL PREPARE ISSUES PAPERS FOR FIRST TWO ITEMS AND US DEL AGREED TO PROVIDE PAPER FOR THIRD. END SUMMARY

2. THIRD MEETING OF AHG WAS DEVOTED ALMOST ENTIRELY TO A REVIEW OF THE DRAFT PROGRESS REPORT. DURING THE DISCUSSION BOTH CHAIRMAN AND NUMBER OF DELS EMPHASIZED REPORT'S PRELIMINARY NATURE, AND AGREED THAT IT SHOULD NOT TRY TO SET PRIORITIES. ALTHOUGH THE SENTENCE-BY-SENTENCE SCRUTINY OF THE TEXT RESULTED IN SUBSTANTIAL REDRAFTING OF A NUMBER OF PARAGRAPHS, THE OVERALL TONE AND CONTENT OF THE REPORT WERE NOT SIGNIFICANTLY ALTERED. HIGHLIGHTS OF DEBATE FOLLOW BELOW. FINAL TEXT OF REPORT IS EXPECTED TO BE AVAILABLE IN FEW DAYS AND WILL PROBABLY BE DISCUSSED BY COUNCIL SEPT. 25.

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3. TRANSFER OF RESOURCES: OTHER THAN RATHER LENGTHY SPARRING BETWEEN THE NORDICS AND OTHER DELS OVER EMPHASIS TO BE GIVEN TO REAFFIRMATION OF AID TARGETS AND STATEMENTS ABOUT INCREASING AID IN NEAR FUTURE, MAIN ITEM OF CONTENTION IN THIS AREA WAS PARAGRAPH ON EXPORT EARNINGS STABILIZATION. LENGTHY DISCUSSIONS IN SEPARATE DRAFTING GROUP WERE NECESSARY TO RESOLVE DIFFERENCES OF VIEW STEMMING FROM FRENCH INSISTENCE ON GIVING EQUAL TREAT-

MENT TO CONCEPT OF MARKET STABILIZATION AND INSISTENCE OF GERMANS AND OTHERS ON LIMITING EXPORT EARNINGS STABILIZATION IDEA TO RAW MATERIALS ONLY. GERMAN DELEGATION ALSO ARGUED FOR LIMITING EARNINGS STABILIZATION TO THE POOREST COUNTRIES, AND SWEDES URGED SPECIFIC MENTION OF THEIR IDEA FOR GLOBALIZED SCHEME BASED ON STABEX AND EARLIER DISCUSSIONS ON SUPPLEMENTARY FINANCING. FRENCH, ON OTHER HAND WOULD NOT ACCEPT SWEDISH IDEA WITHOUT SPECIFIC MENTION OF THEIR DOUBTS ABOUT SUCH AN APPROACH. (GENERAL LACK OF EC UNITY IN THIS DEBATE WAS STARKLY EVIDENT.) FINAL VERSION OF PARAGRAPH REFLECTS DIVERSITY OF VIEWS, BUT SPECIFICALLY AVOIDS LIMITING EARNINGS STABILIZATION CONCEPT TO COMMODITIES OR TO POOREST DEVELOPING COUNTRIES AND DOES NOT GIVE EXCESSIVE WEIGHT TO MARKET STABILIZATION.

4. PARAGRAPHS OF REPORT ON DEBT RELIEF WERE AMENDED TO BETTER REFLECT TRADITIONAL CREDITOR VIEWS ON RESPONSIBILITIES OF BORROWERS AND ON RELATIONSHIP BETWEEN AID AND DEBT RELIEF. DISCUSSION OF ISSUE OF GREATER LDC PARTICIPATION IN INTERNATIONAL FINANCIAL INSTITUTIONS GAVE RISE TO DEBATE BETWEEN SWEDES, WHO WANTED TO ENDORSE RECOMMENDATIONS OF UNGA REGARDING INCREASED

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AGR-05 OIC-02 STR-04 XMB-02 OES-03 AF-06 ARA-06 SS-15

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TO SECSTATE WASH DC IMMEDIATE 8146
INFO AMEMBASSY ANKARA
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VOICE FOR LDC'S IN IBRD DECISION-MAKING PROCESS IRRESPEC-
TIVE OF FINANCIAL CONTRIBUTION, AND OTHER DELS WHO
DID NOT.

5. FOOD AND AGRICULTURE: US SUCCEEDED IN RESTRUCTUR-
ING THIS SECTION OF REPORT TO SEPARATE FOOD AID AND FOOD
SECURITY ISSUES, AND US REDRAFTS OF FOOD SECURITY SEC-
TION WERE LARGELY ACCEPTED. FRENCH, HOWEVER, MADE
STRONG ATTEMPT TO REINSERT IDEA THAT MARKET AND PRICE
STABILITY ARE HEART OF FOOD SECURITY ISSUE AND TO WEAKEN
LINK BETWEEN RESERVES NEGOTIATIONS AND WFC FOLLOW-UP. IN
END THEY SETTLED FOR "SOME DELEGATIONS" REFERENCE TO
THEIR POINT OF VIEW. FRENCH AND SWEDES ALSO RESISTED

EXPRESSION OF SUPPORT FOR IFAD AND THIS WAS REDUCED TO "MOST DELS".

6. INDUSTRIAL AND TECHNOLOGICAL COOPERATION: FOCUS OF DISCUSSION IN THIS SECTION WAS ON UNCTAD-SPONSORED CODE OF CONDUCT AND CONSULTATIONS WITH LDC'S CALLED FOR BY LIMA DECLARATION. EFFECT OF AMENDMENTS TO TEXT WAS TO SOFTEN COMMITMENT TO FORWARD MOVEMENT IN THESE AREAS PENDING FURTHER EXPLORATION OF ISSUES BY GROUP. PARAGRAPH ON INVESTMENT CLIMATE WAS INCORPORATED IN THIS SECTION AND LINKED WITH TECHNOLOGICAL AS WELL AS INDUSTRIAL COOPERATION. ALTHOUGH SPECIFIC REFERENCE TO "CLIMATE" WAS DROPPED, GENERAL CONCEPT WAS RETAINED AND GROUP'S WORK WILL TAKE INTO ACCOUNT THE NEED FOR SATISFACTORY OPERATING CONDITIONS OF FOREIGN ENTERPRISES.

7. MARKET ACCESS: SECTION WAS AMENDED TO GIVE MORE BALANCED TREATMENT TO ROLE OF GSP AND EMPHASIZE POSITIVE LIMITED OFFICIAL USE

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POSSIBILITIES OF MTN FOR LDC'S. REFERENCE TO "AUTONOMOUS ACTIONS" WAS CLARIFIED SO AS TO INDICATE DIRECTLY THAT REAFFIRMING OF STANDSTILL AND IMPROVING GSP WERE WHAT WAS MEANT, AND STANDSTILL ITSELF WAS DEFINED MORE PRECISELY AS COMMITMENT EMBODIED IN PART IV OF GATT. ON THESE TWO SUBJECTS CHAIRMAN SAID HE HAD BEEN IN CONTACT WITH CHAIRMEN OF TRADE COMMITTEE AND GROUP ON PREFERENCES AND THAT THEY WOULD TAKE UP THESE QUESTIONS AT THEIR NEXT MEETINGS. JAPANESE DEL REQUESTED GROUP LEAVE OPEN POSSIBILITY OF LINKS BETWEEN GSP AND MTN. SWEDISH AND DUTCH ATTEMPTS TO DELETE REFERENCES TO PARALLEL COMMITMENTS BY LDC'S WERE SUCCESSFULLY OPPOSED.

8. OTHER PORTIONS OF REPORT: BRIEF SECTION ON COMMODITIES WAS EXPANDED SOMEWHAT TO PROVIDE A SUMMARY OF RESULTS OF MEETING OF HIGH LEVEL GROUP ON COMMODITIES. ANNEX WAS ONLY LIGHTLY DISCUSSED, AND COMMENTS MADE BY DELS WERE LEFT TO BE INCORPORATED BY SECRETARIAT.

9. NEXT MEETING: CHAIRMAN'S DISCUSSION OF FUTURE WORK PROGRAM PUT GROUP'S ACTIVITIES PRIMARILY IN FRAMEWORK OF RESUMED P/C DIALOGUE AND PROPOSED 3 COMMISSIONS. HE SPECIFICALLY EXPRESSED VIEW THAT GROUP SHOULD NOT PREPARE MORE REPORTS BUT FOCUS EFFORTS ON FORGING COMMON POSITIONS ON SUBSTANTIVE ISSUES IN NORTH-SOUTH RELATIONS. GROUP AGREED ON SEPT. 22-23 AS DATE FOR NEXT MEETING AND ON FOLLOWING ITEMS FOR AGENDA:

A) TECHNOLOGY TRANSFER (INCLUDING IDEAS OF CODE OF CONDUCT; POSSIBLE ACTIONS BY STATE-OWNED FIRMS, AND ADAPTATION OF TECHNOLOGY TO LDC NEEDS;

B) INDUSTRIAL COOPERATION (INCLUDING INVESTMENT);

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AGR-05 OIC-02 STR-04 XMB-02 OES-03 AF-06 ARA-06 SS-15

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INFO AMEMBASSY ANKARA

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C) FINANCIAL ISSUES (THIS AT SUGGESTION OF US DEL,
WHO AGREED TO PROVIDE DISCUSSION PAPER WHICH WOULD
FOCUS ON SPECIFIC MEASURES IN THIS AREA SUCH AS
IFAD, THE PROPOSED IMF TRUST FUND, IDA REPLENISH-
MENT, ACCESS TO CAPITAL MARKETS, AND COMPENSATORY
FINANCE).

D) EXCHANGE OF VIEWS ON RESULTS OF UNGA SPECIAL
SESSION;

E) ELABORATION OF ANALYSIS OF PROBLEMS OF DEVELOP-
ING COUNTRIES FOCUSING ON ANNEX OF PRELIMINARY PRO-
GRESS REPORT. (INTENTION IS TO REACH COMMON
ANALYSIS OF PROBLEMS AND BETTER UNDERSTANDING OF
LIMITATIONS OF OECD MEMBERS IN RESPONDING
TO THEM); AND

F) TRADE (MAINLY REVIEW OF ANYTHING TRADE COMMITTEE
MAY HAVE DONE REGARDING STANDSTILL OR IMPROVEMENT
OF GSP. MISSION COMMENT: SINCE TRADE COMMITTEE
NOW SCHEDULED TO MEET SEPT. 23-24, IT SEEMS
UNLIKELY THERE WILL BE DISCUSSION UNDER THIS ITEM).
CHAIRMAN ENCOURAGED DELS TO PROVIDE PAPERS OR SUGGES-
TIONS ON ITEMS OF INTEREST TO THEM AND SAID SECRETARIAT
WOULD DO ISSUES PAPER ON TECHNOLOGICAL/INDUSTRIAL COOP-
ERATION.
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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Draft Date: 01 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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From: OECD PARIS
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1975/newtext/t19750890/aaaadbwtel
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Review Release Date: n/a
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Subject: JULY 29-31 MEETING OF AD HOC HIGH LEVEL GROUP ON ECONOMIC RELATIONS BETWEEN MEMBERS AND
TAGS: ETRD, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006